AMENDED IN ASSEMBLY AUGUST 5, 2013

AMENDED IN SENATE MAY 8, 2013

AMENDED IN SENATE APRIL 9, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 470

Introduced by Senator Wright

February 21, 2013

An act to add Part 4 (commencing with Section 52200) to Division 1 of Title 5 of the Government Code, and to amend Sections 33459, 33459.1, 33459.3, and 33459.8 of the Health and Safety Code, relating to community development.

LEGISLATIVE COUNSEL'S DIGEST

SB 470, as amended, Wright. Community development: economic opportunity.

Existing law generally regulates the power of cities, counties, and cities and counties.

This bill would state the intent of the Legislature to promote economic development on a local level so that communities can enact local strategies to increase jobs, create economic opportunity, and generate tax revenue for all levels of government. The bill would define economic opportunity to include certain types of agreements, purposes, and projects, and declare that it is the policy of the state to protect and promote the sound development of economic opportunity in cities and counties, and the general welfare of the inhabitants of those communities through the employment of all appropriate means.

The bill would state that the creation of economic opportunity and the provisions for appropriate continuing land use and construction SB 470 — 2 —

policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired. The bill would provide that before certain returned city, county, or city and county property is sold or leased for development, the sale or lease shall first be approved by the legislative body, as specified. The bill would authorize a city, county, or city and county to establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures and to assist with the financing of facilities or capital equipment as part of an agreement that provides for the development or rehabilitation of property that will be used for industrial or manufacturing purposes, as specified.

Existing law, the Polanco Redevelopment Act, authorizes a former redevelopment agency to take any action that the agency determines is necessary, consistent with other state and federal laws, to remedy or remove a release of hazardous substances on, under, or from a project area, subject to specified conditions. Existing law requires agencies to request cleanup guidelines from the department or the California regional water quality control board before taking action to remedy or remove a release, immunizes an agency that remedies or removes a hazardous substance release from liability under specified state laws, and authorizes the recovery of cleanup and remedial costs from the liable party.

This bill would revise the definition of agency as used in the Polanco Redevelopment Act to include a city, county, or city and county, and authorize a city, county, or city and county to exercise authority under these provisions to remedy or remove the release of hazardous substances from property within its jurisdiction that previously was within the jurisdiction of a former redevelopment agency, consistent with state and federal laws, as specified. The bill would also make other conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Part 4 (commencing with Section 52200) is added
- 2 to Division 1 of Title 5 of the Government Code, to read:

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PART 4. ECONOMIC OPPORTUNITY

CHAPTER 1. GENERAL PROVISIONS

52200. It is the intent of the Legislature to do all of the following:

- (a) Promote economic development on a local level so that communities can enact local strategies to increase jobs, create economic opportunity, and generate tax revenue for all levels of government.
- (b) Give local governments tools, at no cost to the state, that allow local governments to use their funds in a manner that promotes economic opportunity.
- (c) With the loss of redevelopment funds, cities, counties, and cities and counties need to continue certain powers afforded to redevelopment agencies that were critical to economic development, yet do not have an impact on schools and the state budget.
- 52200.2. As used in this part "economic opportunity" means any of the following:
- (a) Development agreements or other agreements that create, retain, or expand new jobs, in which the legislative body finds that the agreement will create or retain at least one full-time equivalent, permanent job for every thirty-five thousand dollars (\$35,000) of city, county, or city and county investment in the project after full capacity and implementation.
- (b) Development agreements that increase property tax revenues to all property tax collecting entities, in which the legislative body finds that the agreement will result in an increase of at least 15 percent of total property tax resulting from the project at full implementation when compared to the year prior to the property being acquired by the government entity.
- (c) Creation of affordable housing, if a demonstrated affordable housing need exists in the community, as defined in the approved housing element or regional housing needs assessment.
- (d) Projects that meet the goals set forth in Chapter 728 of the Statutes of 2008 and have been included in an adopted sustainable communities strategy or alternative planning strategy or a project that specifically implements the goals of those adopted plans.

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(e) Transit priority projects, as defined in Section 21155 of the Public Resources Code.

52200.4. It is declared to be the policy of the state:

- (a) To protect and promote the sound development of economic opportunity in cities and counties and the general welfare of the inhabitants of those communities through the employment of all appropriate means.
- (b) That whenever the creation of economic opportunity in cities and counties cannot be accomplished by private enterprise alone, without public participation and assistance in the acquisition of land, in planning and in the financing of land assembly, in the work of clearance, and in the making of improvements necessary therefor, it is in the public interest to advance or expend public funds for these purposes, and to provide a means by which economic opportunity can be created.
- (c) That the creation of economic opportunity and the provisions for appropriate continuing land use and construction policies with respect to property acquired, in whole or in part, for economic opportunity constitute public uses and purposes for which public money may be advanced or expended and private property acquired, and are governmental functions of state concern in the interest of health, safety, and welfare of the people of the state and cities and counties.
- (d) That the necessity in the public interest for the provisions of this part is declared to be a matter of legislative determination.
- 52200.6. This chapter shall not be interpreted to authorize the use of eminent domain for economic development purposes.

CHAPTER 2. SALES AND LEASES

52201. (a) (1) Before any city, county, or city and county property that is returned to the city, county, or city and county per the long-range property management plan, pursuant to Section 34191.5 of the Health and Safety Code, is sold or leased for economic development purposes, the sale or lease shall first be approved by the legislative body by resolution after public hearing. Notice of the time and place of the hearing shall be published in a newspaper of general circulation in the community at least once per week for at least two successive weeks, as specified in Section 6066, prior to the hearing.

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(2) The city, county, or city and county shall make available, for public inspection and copying at a cost not to exceed the cost of duplication, a report no later than the time of publication of the first notice of the hearing mandated by this section. This report shall contain both of the following:

(A) A copy of the proposed sale or lease.

- (B) A summary that describes and specifies all of the following:
- (i) The cost of the agreement to the city, county, or city and county, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the city, county, or city and county, plus the expected interest on any loans or bonds to finance the agreements.
- (ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the general plan or zoning.
- (iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use, then the city, county, or city and county shall provide as part of the summary an explanation of the reasons for the difference.
- (iv) An explanation of why the sale or lease of the property will assist in the creation of economic opportunity, with reference to all supporting facts and materials relied upon in making this explanation.
- (v) The report shall be made available to the public no later than the time of publication of the first notice of the hearing mandated by this section.
- (b) The resolution approving the lease or sale shall be adopted by a majority vote unless the legislative body has provided by ordinance for a two-thirds vote for that purpose and shall contain a finding that the sale or lease of the property will assist in the creation of economic opportunity. The resolution shall also contain one of the following findings:
- (1) The consideration is not less than the fair market value at its highest and best use.

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(2) The consideration is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the sale or lease.

- (c) The provisions of this section are an alternative to any other authority granted by law to cities to dispose of city-owned property.
- 52202. A city, county, or city and county may establish a program under which it loans funds to owners or tenants for the purpose of rehabilitating commercial buildings or structures.
- 52203. (a) As part of an agreement that provides for the development or rehabilitation of property that will be used for industrial or manufacturing purposes, a city, county, or city and county may assist with the financing of facilities or capital equipment, including, but not necessarily limited to, pollution control devices.
- (b) Prior to entering into an agreement for a development that will be assisted pursuant to this section, a city, county, or city and county shall find, after a public hearing, that the assistance is necessary for the economic feasibility of the development and that the assistance cannot be obtained on economically feasible terms in the private market.
- SEC. 2. Section 33459 of the Health and Safety Code is amended to read:
- 33459. For purposes of this article, the following terms shall have the following meanings:
- (a) "Agency" includes a former redevelopment agency as defined in Section 33003 and a city, county, or city and county.
- (b) "Department" means the Department of Toxic Substances Control.
 - (c) "Director" means the Director of Toxic Substances Control.
- (d) "Hazardous substance" means any hazardous substance as defined in subdivision (h) of Section 25281, and any reference to hazardous substance in the definitions referenced in this section shall be deemed to refer to hazardous substance, as defined in this subdivision.
- (e) "Local agency" means a single local agency that is one of the following:
- 37 (1) A local agency authorized pursuant to Section 25283 to 38 implement Chapter 6.7 (commencing with Section 25280) of, and 39 Chapter 6.75 (commencing with Section 25299.10) of, Division 40 20.

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(2) A local officer who is authorized pursuant to Section 101087 to supervise a remedial action.

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- (f) "Qualified independent contractor" means an independent contractor who is any of the following:
- (1) An engineering geologist who is certified pursuant to Section 7842 of the Business and Professions Code.
- (2) A geologist who is registered pursuant to Section 7850 of the Business and Professions Code.
- (3) A civil engineer who is registered pursuant to Section 6762 of the Business and Professions Code.
 - (g) "Release" means any release, as defined in Section 25320.
- (h) "Remedy" or "remove" means any action to assess, evaluate, investigate, monitor, remove, correct, clean up, or abate a release of a hazardous substance or to develop plans for those actions. "Remedy" includes any action set forth in Section 25322 and "remove" includes any action set forth in Section 25323.
- (i) "Responsible party" means any person described in subdivision (a) of Section 25323.5 of this code or subdivision (a) of Section 13304 of the Water Code.
- SEC. 3. Section 33459.1 of the Health and Safety Code is amended to read:
- 33459.1. (a) (1) An agency may take any actions that the agency determines are necessary and that are consistent with other state and federal laws to remedy or remove a release of hazardous substances on, under, or from property within a project area or property within its jurisdiction that previously was within the jurisdiction of a former redevelopment agency, whether the agency owns that property or not, subject to the conditions specified in subdivision (b). Unless an administering agency has been designated under Section 25262, the agency shall request cleanup guidelines from the department or the California regional water quality control board before taking action to remedy or remove a release. The department or the California regional water quality control board shall respond to the agency's request to provide cleanup guidelines within a reasonable period of time. The agency shall thereafter submit for approval a cleanup or remedial action plan to the department or the California regional water quality control board before taking action to remedy or remove a release. The department or the California regional water quality control

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board shall respond to the agency's request for approval of a cleanup or remedial action plan within a reasonable period of time.

- (2) The agency shall provide the department and local health and building departments, the California regional water quality control board, with notification of any cleanup activity pursuant to this section at least 30 days before the commencement of the activity. If an action taken by an agency or a responsible party to remedy or remove a release of a hazardous substance does not meet, or is not consistent with, a remedial action plan or cleanup plan approved by the department or the California regional water quality control board, the department or the California regional water quality control board that approved the cleanup or remedial action plan may require the agency to take, or cause the taking of, additional action to remedy or remove the release, as provided by applicable law. If an administering agency for the site has been designated under Section 25262, any requirement for additional action may be imposed only as provided in Sections 25263 and 25265. If methane or landfill gas is present, the agency shall obtain written approval from the California Integrated Waste Management Board prior to taking that action.
- (b) Except as provided in subdivision (c), an agency may take the actions specified in subdivision (a) only under one of the following conditions:
- (1) There is no responsible party for the release identified by the agency.
- (2) A party determined by the agency to be a responsible party for the release has been notified by the agency or has received adequate notice from the department, a California regional water quality control board, the Environmental Protection Agency, or other governmental agency with relevant authority and has been given 60 days to respond and to propose a remedial action plan and schedule, and the responsible party has not agreed within an additional 60 days to implement a plan and schedule to remedy or remove the release that is acceptable to the agency and that has been found by the agency to be consistent, to the maximum extent possible, with the priorities, guidelines, criteria, and regulations contained in the National Contingency Plan and published pursuant to Section 9605 of Title 42 of the United States Code for similar releases, situations, or events.

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(3) The party determined by the agency to be the responsible party for the hazardous substance release entered into an agreement with the agency to prepare a remedial action plan for approval by the department, the California regional water quality control board, or the appropriate local agency and to implement the remedial action plan in accordance with an agreed schedule, but failed to prepare the remedial action plan, failed to implement the remedial action plan in accordance with the agreed schedule, or otherwise failed to carry out the remedial action in an appropriate and timely manner. Any action taken by the agency pursuant to this paragraph shall be consistent with any agreement between the agency and the responsible party and with the requirements of the state or local agency that approved or will approve the remedial action plan and is overseeing or will oversee the preparation and implementation of the remedial action plan.

- (c) Subdivision (b) does not apply to either of the following agencies:
- (1) An agency taking actions to investigate or conduct feasibility studies concerning a release.
- (2) An agency taking the actions specified in subdivision (a) if the agency determines that conditions require immediate action.
- (d) An agency may designate a local agency in lieu of the department or the California regional water quality control board to review and approve a cleanup or remedial action plan and to oversee the remediation or removal of hazardous substances from a specific hazardous substance release site in accordance with the following conditions:
- (1) The local agency may be so designated if it is designated as the administering agency under Section 25262. In that event, the local agency, as the administering agency, shall conduct the oversight of the remedial action in accordance with Chapter 6.65 (commencing with Section 25260) and all provisions of that chapter shall apply to the remedial action.
- (2) The local agency may be so designated if cleanup guidelines were requested from a California regional water quality control board, and the site is an underground storage tank site subject to Chapter 6.7 (commencing with Section 25280) of Division 20, the local agency has been certified as a certified unified program agency pursuant to Section 25404.1, the State Water Resources Control Board has entered into an agreement with the local agency

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for oversight of those sites pursuant to Section 25297.1, the local agency determines that the site is within the guidelines and protocols established in, and pursuant to, that agreement, and the local agency consents to the designation.

- (3) A local agency may not consent to the designation by an agency unless the local agency determines that it has adequate staff resources and the requisite technical expertise and capabilities available to adequately supervise the remedial action.
- (4) (A) Where a local agency has been designated pursuant to paragraph (2), the department or a California regional water quality control board may require that a local agency withdraw from the designation, after providing the agency with adequate notice, if both of the following conditions are met:
- (i) The department or a California regional water quality control board determines that an agency's designation of a local agency was not consistent with paragraph (2), or makes one of the findings specified in subdivision (d) of Section 101480.
- (ii) The department or a California regional water quality control board determines that it has adequate staff resources and capabilities available to adequately supervise the remedial action, and assumes that responsibility.
- (B) Nothing in this paragraph prevents a California regional water quality control board from taking any action pursuant to Division 7 (commencing with Section 13000) of the Water Code.
- (5) Where a local agency has been designated pursuant to paragraph (2), the local agency may, after providing the agency with adequate notice, withdraw from its designation after making one of the findings specified in subdivision (d) of Section 101480.
- (e) To facilitate redevelopment planning, the agency may require the owner or operator of any site within a project area or its jurisdiction to provide the agency with all existing environmental information pertaining to the site, including the results of any Phase I or subsequent environmental assessment, as defined in Section 25200.14, any assessment conducted pursuant to an order from, or agreement with, any federal, state or local agency, and any other environmental assessment information, except that which is determined to be privileged. The person requested to furnish the information shall be required only to furnish that information as may be within their possession or control, including actual knowledge of information within the possession or control of any

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other party. If environmental assessment information is not available, the agency may require the owner of the property to conduct an assessment in accordance with standard real estate practices for conducting phase I or phase II environmental assessments.

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SEC. 4. Section 33459.3 of the Health and Safety Code is amended to read:

33459.3. (a) Notwithstanding any other provision of law, except as provided in Section 33459.7, an agency that undertakes and completes an action, or causes another person to undertake and complete an action pursuant to Section 33459.1, as specified in subdivision (c), to remedy or remove a hazardous substance release on, under, or from property within a redevelopment project, in accordance with a cleanup or remedial action plan prepared by a qualified independent contractor and approved by the department or a California regional water quality control board or the local agency, as appropriate, pursuant to subdivision (b), is not liable, with respect to that release only, under Division 7 (commencing with Section 13000) of the Water Code or Chapter 6.5 (commencing with Section 25100), Chapter 6.7 (commencing with Section 25280), Chapter 6.75 (commencing with Section 25299.10), or Chapter 6.8 (commencing with Section 25300), of Division 20 of this code, or any other state or local law providing liability for remedial or removal actions for releases of hazardous substances. If the remedial action was also performed pursuant to Chapter 6.65 (commencing with Section 25260) of Division 20. and a certificate of completion is issued pursuant to subdivision (b) of Section 25264, the immunity from agency action provided by the certificate of completion, as specified in subdivision (c) of Section 25264, shall apply to the agency, in addition to the immunity conferred by this section. In the case of a remedial action performed pursuant to Chapter 6.65 (commencing with Section 25260) of Division 20, and for which the administering agency is a local agency, the limitations on the certificate of completion set forth in paragraphs (1) to (6), inclusive, of subdivision (c) of Section 25264 are limits on any immunity provided for by this section and subdivision (c) of Section 25264.

(b) Upon approval of any cleanup or remedial action plan, pursuant to applicable statutes and regulations, the director or the California regional water quality control board or the local agency,

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as appropriate, shall acknowledge, in writing, within 60 days of the date of approval, that upon proper completion of the remedial or removal action in accordance with the plan, the immunity provided by this section shall apply to the agency.

- (c) Notwithstanding any provision of law or policy providing for certification by a person conducting a remedial or removal action that the action has been properly completed, a determination that a remedial or removal action has been properly completed pursuant to this section shall be made only upon the affirmative approval of the director or the California regional water quality control board or the local agency, as appropriate. The department, California regional water quality control board, or local agency, as appropriate, shall, within 60 days of the date it finds that a remedial action has been completed, notify the agency in writing that the immunity provided by this section is in effect.
- (d) The approval of a cleanup or remedial action plan under this section by a local agency shall also be subject to the concurrent approval of the department or a California regional water quality control board when the agency receiving the approval was formed by the same entity of which the local agency is a part.
- (e) Upon proper completion of a remedial or removal action, as specified in subdivision (c), the immunity from agency action provided by the certificate of completion provided pursuant to subdivision (c) of Section 25264 and the immunity provided by this section extends to all of the following, but only for the release or releases specifically identified in the approved cleanup or remedial action plan and not for any subsequent release or any release not specifically identified in the approved cleanup or remedial action plan:
- (1) Any employee or agent of the agency, including an instrumentality of the agency authorized to exercise some, or all, of the powers of an agency within, or for the benefit of, a redevelopment project or its jurisdiction and any employee or agent of the instrumentality.
- (2) Any person who enters into an agreement with an agency for the redevelopment of property, if the agreement requires the person to acquire property affected by a hazardous substance release or to remove or remedy a hazardous substance release with respect to that property.

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(3) Any person who acquires the property after a person has entered into an agreement with an agency for redevelopment of the property as described in paragraph (2).

- (4) Any person who provided financing to a person specified in paragraph (2) or (3).
- (f) Notwithstanding any other provision of law, the immunity provided by this section does not extend to any of the following:
- (1) Any person who was a responsible party for the release before entering into an agreement, acquiring property, or providing financing, as specified in subdivision (e).
- (2) Any person specified in subdivision (a) or (e) for any subsequent release of a hazardous substance or any release of a hazardous substance not specifically identified in the approved cleanup or remedial action plan.
- (3) Any contractor who prepares the cleanup or remedial action plan, or conducts the removal or remedial action.
- (4) Any person who obtains an approval, as specified in subdivision (b), or a determination, as specified in subdivision (c), by fraud, negligent or intentional nondisclosure, or misrepresentation, and any person who knows before the approval or determination is obtained or before the person enters into an agreement, acquires the property or provides financing, as specified in subdivision (e), that the approval or determination was obtained by these means.
- (g) The immunity provided by this section is in addition to any other immunity of an agency provided by law.
- (h) This section does not impair any cause of action by an agency or any other party against the person, firm, or entity responsible for the hazardous substance release which is the subject of the removal or remedial action taken by the agency or other person immune from liability pursuant to this section.
- (i) This section does not apply to, or limit, alter, or restrict, any action for personal injury, property damage, or wrongful death.
- (j) This section does not limit liability of a person described in paragraph (3) or (4) of subdivision (e) for damages under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sec. 9601 et seq.).
- (k) This section does not establish, limit, or affect the liability of an agency for any release of a hazardous substance that is not

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investigated or remediated pursuant to this section or Chapter 6.65
 (commencing with Section 25260) of Division 20.

- (*l*) The immunity provided for by this section is only conferred if both of the following apply:
- (1) The action is in accordance with a cleanup or remedial action plan prepared by a qualified independent contractor and approved by the department or a California regional water quality control board or the local agency, as appropriate, pursuant to subdivision (b).
- (2) The remedial or removal action is undertaken and properly completed, as specified in subdivision (c).
- (m) The agency shall reimburse the department, the California regional water quality control board, and the local agency for costs incurred in reviewing or approving cleanup or remedial action plans pursuant to this section.
- SEC. 5. Section 33459.8 of the Health and Safety Code is amended to read:
- 33459.8. If an agency undertakes any action to remedy or remove a release of hazardous substances on, under, or from property within a project area or property within its jurisdiction that previously was within the jurisdiction of a former redevelopment agency, the agency shall, if it is required to have a redevelopment plan, amend its redevelopment plan and follow the same procedure, as specified, and the legislative body is subject to the same restrictions as provided for in Article 4 (commencing with Section 33330), for the adoption of a redevelopment plan, if the agency determines that as a result of the remedial or removal action, it will also be taking any of the following actions:
 - (a) Proposing to add new territory to a project area.
- (b) Increasing either the limitation on the amount of funds to be allocated to the agency or the time limit on the establishing of loans, advances, and indebtedness established pursuant to subdivisions (1) and (2) of Section 33333.2.
- (c) Lengthening the period during which the redevelopment plan is effective.
 - (d) Merging project areas.
- 37 (e) Adding significant additional capital improvement projects.